



DEFENSE ENERGY SUPPORT CENTER Preproposal Conference



Fort Hunter Liggett, California
David Nemerow/Douglas Smith
April 29, 2004



Agenda



- Solicitation Conditions
- Review Solicitation
- Required Information/Submittals
- Milestones/Timelines
- Question and Answer Period
- Defense Energy Support Center POCs



Purpose of the RFP



- **Sell System Infrastructure**
- **Acquire O&M Service Contract**
- **Will privatize if**
 - Long-term benefit exceeds long-term cost

Notes:

- 1. Purchase of the Commodity is not Included in the RFP**
- 2. Selection of Contractor will be Based on Best-Value Determination**
- 3. Government Reserves the Right Not to Award the Contract**



Systems in the RFP



Fort Hunter Liggett, CA

- **Electric Distribution System**
- **Propane Distribution System**
- **Water Distribution System**
- **Wastewater Collection System**



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Section B - Supplies or Services and Prices/Costs

- **Bundling (B.4)**
 - **Allowed but not required**
 - **If bundling is offered**
 - **Must provide a separate price schedule (B-1 or B-2, as applicable) for each contract line item**
- **Service Charges (B.5.2 or B.6.2)**
 - **Fixed Monthly Charge**
 - **Monthly Credit as Payment for Purchase**

Price



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Section B - Supplies or Services and Prices/Costs

- **Type of Contract - 4 options -**
 - **Tariff**
 - **Firm Fixed Price**
 - **Fixed Price Economic Price Adjustment**
 - **Fixed Price - Redetermination**



Type of Contract



1) Tariff Rate

- Regulated Utilities
 - **May Propose Tariff Pricing Instead**
 - **Tariff Must be Fully and Independently Regulated (a “state-wide” public utility regulatory authority with jurisdiction over the contractor)**
 - **Tariff Removes CAS Requirement**



Type of Contract



2) Firm Fixed Price

- **Fixed monthly charge over the 50 year period**

3) Fixed Price Economic Price Adjustment

- **A price escalator is given by offeror**
- **Online Location must be provided**
- **Must give adjustment methodology (whether adjusted annually or monthly)**



Type of Contract



4) Fixed Price Contract with Prospective Price Redetermination

- **Prices for Initial Capital Upgrades Remain Fixed Throughout the Contract**
- **Prices for Operations & Maintenance (O&M) and Renewals & Replacements (R&R) Remain Fixed for the First Two Years of Contract**
- **Prices for O&M and R&R may be Renegotiated After Two Years and Every Three Years Thereafter**



Bundling



- Definition: Making the Award of One Utility System Contingent Upon the Award of Another
 - To Gain Economies of Scale, Offeror May Choose to Bundle Multiple Utility Systems
 - If a Bundled Offer is Submitted, Separate Price Schedules (B-2, Schedule 1, Schedule 2, and Schedule 3) are Still Required for Each Utility System
 - In a Bundled Offer, If the Privatization of Any Single System is not Cost Effective, the Entire Bundle will not be Considered for Award



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Section C - Description/Specifications/Work Statement

- **Contains general requirements applicable to all locations (C.3)**
- **Commodity is not included**
- **Performance Standards (C.3.2) - required to adhere at a minimum, to specified industry standards**



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Section C – Description/Specifications/Work Statement

- **Response to Service Interruptions and Contingencies (C.7)**
 - Procedures and provisions for handling service Interruptions in Service Interruption/Contingency Plan
- **Coordination of Work (C.9)(Specific details in Section J's)**
 - Types of Service Requests
 - Emergency Service Request (e.g.)
 - Available to respond 24 hours a day



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Section C – Description/Specifications/Statement of Work

- **Environmental Compliance (C.10)**
 - **Comply with applicable environmental laws and regulations**
 - **Accept Installation's spill response procedures, or propose alternative procedures for Government**



Technical Overview of the RFP



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Section C - Description/Specifications/Statement of Work

• Upgrades and Renewals and Replacements (C.11)

- Initial Capital Upgrades Submitted in
Proposal

- Future Capital Upgrades Submitted Under
Annual

Capital Upgrades and Renewals and
Replacements

Plan (Years 1 - 5)

- Government does not approve/disapprove
proposed upgrades



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Section C - Description/Specifications/Statement of Work

- **Operations and Maintenance (C.12)(L.4.2)**
 - **Establish and adhere to a Quality Management Plan**
to ensure safe and reliable operation of the system(s)
 - **Consistent with all applicable laws/regulations and requirements of utility-specific attachments (Section I's)**



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Section C - Description/Specifications/Statement of Work

- **Operational Transition Plan (C.13)(L.4.4)**
 - **Describes plan for transfer of the utility system**
 - **Ensures continuous service from the Government to new owner**
 - **Contractor proposes performance start date**
 - **Includes detailed joint inventory of facilities,**



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Section E, F, G, and H - Solicitation Provisions/Clauses

- **Section E - Inspection and Acceptance (Inspection of Svc Clause)**
- **Section F - Deliveries or Performance**
 - **Utilities Service Contract Term - 50 years**
- **Section G - Contract Administration Data**
 - **Contracting Officer's Representative**
 - **Submission and Payment of Invoices**
 - **Accounting Procedures**
 - **The Contractor shall maintain a system of accounts acceptable to the Government as necessary**



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Section E, F, G, and H - Solicitation Provisions/Clauses

Con't

- **Section H - Special Contract Provisions**
 - **Insurance Requirements (Specified in the RFP, H.2.2)**
 - **Hazardous Substances (H.7)**
 - **KTR must comply w/all applicable laws and regulations.**
- **Other Special Requirements**
 - **Accounting for Capital Upgrades/Purchase**



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Section I and J - Solicitation Provisions/Clauses/Attachments

- **Section I - Contract Clauses Incorporated by Reference and in full text**
 - Federal Acquisition Regulation (FAR)
 - Defense FAR Supplement (DFARS)
 - Clauses for regulated entities (I.4)
 - Clauses for non-regulated entities (I.5)
- **Section J - Base-Specific Utility-Specific Attachments**
 - Base Distribution System Description
 - Specific Service Requirements
 - Secondary Metering - existing and future



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Section J and K - Solicitation Provisions/Clauses

- **Section J - (continued)**
 - Submittals
 - Service Area and Off Installation Sites
 - Transition Requirements
 - Government Recognized Deficiencies (issues above are addressed in the Utility Specific Section J's)
- **Section K - Representations, Certifications & Other Statements of Offerors**
 - Fill-ins must be completed and provided along with offer



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Section L – Instructions, Conditions, and Notices to Offerors

- **Site Visits and Technical Library (L.2.1.5 and L.2.1.6)**
 - **Site Visits:**
 - Following industry preproposal conferences
 - **Technical Library**
- **Proposal Preparation Instructions (L.3)**
 - **Volumes must be separated**
 - Technical – 200 pages per system
 - Past Performance – 40 pages
 - Contract Documentation (including any exception to terms and conditions)
 - **Price Proposal**



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Section M – Evaluation Factors for Award

- **Explains how offers will be evaluated (M.3)**
 - **Factor 1: Technical Capability**
 - **Subfactor 1: Service Interruption/Contingency Plan**
 - **Subfactor 2: Operations and Maintenance Plan and
Quality Management Plan**
 - **Subfactor 3: Capital Upgrades and Renewals and
Replacements Plan**
 - **Subfactor 4: Operational Transition Plan**
 - **Subfactor 5: Financial Strength**



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Section M – Evaluation Factors for Award Con't

- **Evaluation Factors cont (M.3)**
 - **Factor 2: Past Performance**
 - **Factor 3: Risk**
 - **Subfactor 1: Performance**
 - **Subfactor 2: Assurance of Long-term Price and Service Stability**
 - **Subfactor 3: Price Realism**
 - **Factor 4: Socioeconomic Plan**
 - **Factor 5: Price**
- **Objective is to select the proposal that represents the Best Value**



Required Information/Submittals



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- **Past Performance References - due when proposal is submitted**
- **Proposal - due August 26, 2004 (1 original, 1 copy and 2 CD's)**
 - **Technical**
 - **Past Performance Information**
 - **Contract Documentation**
 - **Price Proposal**



Required Information/Submittals



- **Technical Proposal (L.4)**
 - **Service Interruptions/Contingency Plan**
 - **Operations and Maintenance Plan and Quality Management Plan**
 - **Capital Upgrades and Renewals and Replacement Plan**
 - **Operational Transition Plan**
 - **Financial Strength**



Required Information/Submittals



- **Contract Documentation**
 - **SF 33 - Fill-in and sign**
 - **Section K (Representations and Certifications)**
 - **Exceptions to Terms and Conditions**
 - **Subcontracting Plan - large business only**
 - **Socioeconomic Plan - all businesses**



The Submittal



- **Four Volumes**
 - **Technical.....Limited to 200 Pages**
 - **Price.....No Limit**
 - **Past Performance.....Limited to 40 Pages**
 - **Socioeconomic.....No Limit**
 - **All Volumes - Provide One Hardcopy**
 - **Provide 1 original, 1 copy and 2 CDRoms with Technical, Past Performance, Socioeconomic & Price on each**

Note: For Hardcopy...Provide a Separate Binder for Each Volume for Each Utility System; For CD copy...Each Volume must be separate file.



The Four Volumes - Technical -



- Technical
 - **Service Interruption/Contingency Plan**
 - **Quality Management Plan**
 - **Capital Upgrades & Renewals & Replacements Plan**
 - **Operational Transition Plan**



The Four Volumes - Technical -



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- Service Interruptions/Contingency Plan
 - **Purpose: To Address Your Capability to Respond to Outages and to Emergency, Urgent, & Routine Service Calls**
 - **Common Proposal Shortfalls**
 - **Not Indicating if You will Comply with Emergency, Urgent, & Routine Response/Completion Times**
 - **Not Indicating if You will Comply with the Installation's Excavation Permit Process**
 - **Not Indicating if You will Allow the Installation to Reschedule Routine Outages if They Adversely Affect Mission/Operations**

Note: Regulated utilities who have submitted similar documents to their regulatory commission may submit those documents in lieu of requested plan.



The Four Volumes - Technical -



- **Quality Management Plan**

- **Purpose: To Identify Your Performance Standards and O&M Policies & Procedures**
- **Common Proposal Shortfalls**
 - **Not Addressing Performance Standards for Each Line Item in Table L-1**
 - **Not Addressing the Procedures You Use (Tests, Inspections, etc) to Ensure Compliance with the Performance Standards for Each Line Item in Table L-1**
 - **Not Addressing the Metrics You Use to Monitor the Success of Your Procedures**
 - **Providing Qualifications of the Incumbent Staff Rather Than Qualifications of the Positions They Fill**

Note: Regulated utilities who have submitted similar documents to their regulatory commission may submit those documents in lieu of requested plan, however, one or the other must be submitted.



The Four Volumes - Technical -



- Capital Upgrades & Renewals & Replacements Plan
 - **Purpose: To Identify the Capital Upgrades & Renewals & Replacements You Intend to Accomplish**
 - **Common Proposal Shortfalls**
 - **Not Providing an Initial 5-Year Plan**
 - **Not Addressing the Installation's List of Improvements (RFP Section J Attachments) in Your 5-Year Plan**
 - **Not Providing a Year-by-Year, 50-Year Plan for Renewals & Replacements**

Note: Regulated Utilities are not required to submit 50-year plan for R&R.



The Four Volumes - Technical -



- Operational Transition Plan
 - **Purpose: To Show How You Will Provide a “Seamless” Transition from Gov’t to Contractor Operations**
 - **Common Proposal Shortfalls**
 - **Not Identifying the Person(s) Authorized to Sign for the Transfer of Inventory**
 - **Not Indicating if Joint Maintenance Operations are Desired and, if so, When They will Occur**
 - **Not Stating When the Requested New Meters will be Installed**
 - **Not Indicating When the Initial, Joint Meter Readings will take Place**

Note: Transition plan must be submitted by Regulated & Non-Regulated Utilities



The Four Volumes - Price -



- Schedule B-1
 - **Purpose: To Indicate Applicable Tariff, Monthly Credit as Payment for Purchase Price, Initial Capital Upgrades/Connection Charges, and Recoverable Portion of Purchase Price.**
 - **Common Proposal Shortfalls**
 - **Not Realizing the Net Present Value of the Recovery of the Purchase Price exceeds the Net Present Value of the Purchase Price Itself.**



The Four Volumes - Price -



Schedule B-1

- **Applicable Tariff(See B.5.1)**
- **Monthly Credit as Payment for Purchase Price(see B.5.2)**
 - \$_____ Monthly Credit
 - _____ # months
 - _____ Interest Rate
- **Initial Capital Upgrades/Connection Charges**
 - See B.5.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
 - See B.5.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



The Four Volumes - Price -



- Schedule B-2, B-3, and B-4
 - **Purpose: To Indicate Fixed Monthly Charge, Monthly Credit as Payment for Purchase Price, Initial Capital Upgrades, and Recoverable Portion of Purchase Price**
 - **Common Proposal Shortfalls**
 - **Not Realizing the Net Present Value of the Recovery of the Purchase Price exceeds the Net Present Value of the Purchase Price Itself.**

Note: Schedule B-2 is for use by Non-Regulated Utilities



The Four Volumes

- Price -



Schedule B-2 Firm Fixed Price Proposal

- **Fixed Monthly Charge (see B.6.1 and B.7.2)**
 - The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement*.
 - Fixed Term (Months): _____
- **Monthly Credit as Payment for Purchase Price(see B.6.2)**
 - \$_____ Monthly Credit
 - _____ # months
 - _____ Interest Rate



The Four Volumes - Price -

Schedule B-2 (cont'd)



- **Initial Capital Upgrades/Connection Charges**
 - **See B.5.3 and B.7.4 (Schedule 3).**
This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
 - **See B.5.4 and B.7.5 (Schedule 4).** **This amount should not be included in the price offered in Sub-CLIN AA**



The Four Volumes - Price -



Schedule B-3 Fixed-Price Economic Price Adjustment Proposal

- **Fixed Monthly Charge (see B.6.1 and B.7.2)**
 - The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement*.
 - **INDEX FOR ESCALATION (Year 1 THROUGH Year N)**
Internet Location of Index _____ (KTR fill in)
Adjustment Methodology (e.g. Annual or Monthly) _____
- **Monthly Credit as Payment for Purchase Price(see B.6.2)**
 - \$ _____ Monthly Credit
 - _____ # months
 - _____ Interest Rate



The Four Volumes - Price -



Schedule B-3 (cont'd)

- **Initial Capital Upgrades/Connection Charges**
 - See B.6.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
 - See B.6.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



The Four Volumes

- Price -



Schedule B-3 Fixed-Price with Prospective Price Redetermination

- **Fixed Monthly Charge (see B.6.1 and B.7.2)**
 - The contractor shall provide utility service in accordance with Section C, *Descriptions, Specifications, and Work Statement.*
- **Monthly Credit as Payment for Purchase Price(see B.6.2)**
 - \$_____ Monthly Credit
 - _____ # months
 - _____ Interest Rate



The Four Volumes - Price -



Schedule B-3 (cont'd)

- **Initial Capital Upgrades/Connection Charges**
 - See B.6.3 and B.7.4 (Schedule 3). This amount should not be included in the price offered for Sub-CLIN AA.
- **Recoverable Portion of Purchase Price**
 - See B.6.4 and B.7.5 (Schedule 4). This amount should not be included in the price offered in Sub-CLIN AA



The Four Volumes - Price -



- Schedule 1(B.7.2)
 - **Purpose: To Indicate the Monthly Charge for O&M and R&R**
 - **Common Proposal Shortfalls (For Non-Regulated)**
 - **Not Indicating Exactly How You Computed Your O&M Costs (Manpower, Materials, Transportation, Supplies, Etc)**
 - **Not Explaining (Mathematically) How You Converted Your O&M Costs to a Monthly O&M Charge**
 - **Not Explaining (Mathematically) How You Used the Price Data Shown in Schedule L-2 to Derive Your Monthly Charge for R&R**

Note: Schedule 1 must be submitted by Regulated & Non-Regulated Utilities



The Four Volumes - Price -



Schedule 1 (B.7.2) Calculation of Fixed Monthly Charge

Component	Monthly Charge	Annual Charge
1. Operations and Maintenance (O&M)		
2. Renewals and Replacements (R&R)		
Total Fixed Monthly Charge (to be entered in Sub-CLIN AA for schedules B-2, B-3, B-4)		



The Four Volumes - Price -



- Schedule 2 (B.7.3)
 - **Purpose: To Indicate Price & Description of R&R for Each of the 50 Years of the Contract .**
 - **Common Proposal Shortfalls**
 - **Not Providing a Description of the R&R for Each of the Years of the Contract addressed above**
 - **Not Providing a Price for the R&R for Each of the Years of the Contract addressed above**

Note: Regulated utilities are not required to submit a Schedule 2



The Four Volumes - Price -



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Schedule 2 (B.7.3) R&R Schedule

**NOTE: Offerors shall list each project
individually by year**

Year	Dollar Amount	Description of Renewal and Replacement
200X		
200X+1		
200X+2		
200X+50		



The Four Volumes - Price -



- Schedule 3 (B.7.4)
 - **Purpose: To Indicate Prices for Initial Capital Upgrades**
 - **Common Proposal Shortfalls**
 - **The List of Proposed Initial Capital Upgrades Shown in Technical Volume does not Match the List of Proposed Initial Capital Upgrades in Schedule 3.**
 - **Not Including the Improvement Projects (Recommended by the Installation in RFP Section J Attachments) that You Intend to Accomplish**
 - **Not Realizing Monthly Payments for a Specific Project will not Begin Until Construction of that Specific Project is Complete**

Note: Schedule 3 must be submitted by Regulated & Non-Regulated Utilities



Defense Energy Support Center POCs



- Contracting Officer
 - David Nemerow, (703) 767-9404,
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- Contract Specialist
 - Douglas Smith, (703) 767-9409,
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- Technical Lead
 - Gary Cox, (703) 767-8333
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Questions and Answers



Question and Answer Period



- Submit Detailed Questions Regarding Solicitation In Writing via MS Word, text or email (no pdf).
- Will disseminate all responses to questions via an Amendment.
- DESC will be the single point of contact regarding this solicitation. All questions should go through Doug and/or Dave.